नम्बर-एक। दूसरी बात, ओ.एन.जी.सी. विदेश आपकी फ्रंट कम्पनी है फॉरेन इंवेस्टमेंट के लिए, तो यह जो पूंजी लगी है। क्या यह ओ.एन.जी.सी. विदेश की अपनी पूंजी है या ओ.एन.जी.सी. की पूंजी है। नम्बर-2 और ....(व्यवधान)

उपसभापति : एक ही सवाल पूछिए। जवाब तो देने दीजिए। He will forget the question by the time you end.

श्री राम नाईक: महोदया, पहली बात तो यह है कि कितनी पूंजी लगाई है। उस प्रोजेक्ट में 25 परसेंट के लिए 720 मिलियन यू.एस. डॉलर यानी तीन हजार छः सौ करोड़ रुपए है और यह ओ.एन.जी.सी. विदेश सब्सडरी कम्पनी है। तो इसके लिए जो फंड लगेंगे वह ओ.एन.जी.सी. के होंगे-ओ.एन.जी.सी. सपोर्टेड। एक बात मैं कह दूं कि इसके बारे में कोई केन्द्र सरकार वित्तीय सहायता लेने नहीं जा रहा है। ONGC will be generating their own funds. There will be no difficulty in the generation of funds where we are getting 25 per cent. It is as good as Malaysia. I feel, from their point of view, we will be getting about 30 lakh metric tonnes per year, and that is a big purchase so far as we are concerned.

Preferential Allotments by Companies

*207. MISS MABEL REBELLO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the number of companies which have made preferential allotments on private placement basis and the amount of capital so raised by them since August 1994 to 31st March, 1999 and since 1st April, 1999 to 30th June, 2002.

(b) the names of the companies which have made preferential allotments on a consideration other than cash; and

(c) the details of companies which have made preferential allotment by swapping of shares?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) to (c) Companies can make preferential allotment by passing a Special Resolution of shareholders under section 81(1A) of the Companies Act, 1956 and in compliance with conditions imposed by

the Securities & Exchange Board of India (SEBI) such as minimum pricing, disclosure to shareholders and lock-in shares allotted on preferential basis, if they desire to seeklisting at stock exchanges. However, no separate returns for right/preferential allotment have been prescribed under the Companies Act, 1956. Further, companies are not required to make any reference to SEBI or to seek its approval for making a preferential issue. However, if a company does not comply with the provisions of SEBI guidelines on preferential issues, the instruments allotted under the said issue shall not be listed on the exchange.

MISS MABEL REBELLO: Madam, it is a practice that promoters, along with operators, depress, particularly, their shares, six months prior to the preferential allotment to themselves. Similarly, they hike the share prices six months prior to the preferential allotment through Mutual funds and other financial institutions. A litigation filed by some education and research centre against a preferential allotment scheme of mid 90s,which caused losses of over Rs. 5000 crores to small investors, is still languishing in the court. I would like to know from the hon'ble Finance Minister, why is it happening? The small investor is losing his money, the big man manipulates the stock market, through preferential allotment of shares, he makes money, but small people like us, who get 100 shares or 200 shares from IPOs, lose our money. So, Mr. Minister, what are you doing?

SHRI JASWANT SINGH: Madam, I must tell her this matter. Preferential issue of shares is not through the standard market allotment...(*Interruption*)...I must endeavour to answer the hon. Member's query. Preferential issue shares, Madam, is not through standard market issuance or operation. The very word suggests, it is preferential, it is a preferred issue. Now, this figure that the hon. Member has cited that through preferential issue, small investors lose a certain sum of money. This chain of events...(*Interruptions*)...

MISS MABEL REBELLO: Madam, they have lost Rs. 5,000 crores.

SHRI JASWANT SINGH: I have heard that. But the suggested chain of cause and effect is not borne out by the investigation that has been conducted by the SEBI in this regard. The Government is very mindful. In another context, I think, yesterday, I had shared with the House all the details of the steps that the Government has taken in regard to the small investors. I do believe that a certain amount of very wrongful activity took place, in which the small investors, whether it was through investment in plantation companies or non-banking financial

compamies, lost their money on account of that, and with the exaggerated expactation of high interest rates. It is very interesting that it is, perhaps, because of a mythical suggestion about the benefit that will accrue, that the small investors might have lost their maney. But that was not on account of preferential issues. What the word "the preferential issue" itself suggests is, the promoter offers a certain number of shares, preferentially, to a select few. It is not a public offer.

MISS MABEL REBELLO: Madam, I am not fully satisfied with the reply and I do not know what is going to happen. Madam, the SEBI or the Government has given certain directives that when they go in for preferential issues, they must disclose certain things. Most of the time these companies do not disclose their accounts properly. They have got valuation firms which do valuation of the accounts and then, they come into the market. SEBI does not stop all that and the gullible investors...(*Interruptions*)...

THE DEPUTY CHAIRMAN:What is your question ?

MISS MABEL REBELLO: Madam, my question is this. What is the mechanism he is going to adopt so that the small investor does not get fooled and does not lose his money in case something happens?...(*interruptions*)

THE DEPUTY CHAIRMAN: Give him two, three minutes to answer.

MISS MABEL REBELLO: Have they ever punished any companies which have duped the small investors ?

THE DEPUTY CHAIRMAN: There are only three minutes left.

SHRI JASWANT SINGH: Madam, the Hon. Member has, with passion, given voice to a fairly elaborate catalogue of complaints; not all of them arise from this particular question.

About the small investors, I am entirely in sympathy with the Hon. Member's sentiments. I am myself not satisfied with the fate that has been meted out to the small investors at that particular period of time. It is no longer happening because inhibitive measures have already been taken. The Hon. Member wanted to know as to what further remedial measures we in the Government are going to take. May I draw the Hon. Member's attention to an enactment adopted by this very House, just yesterday, which relates to strengthening of the SEBI and it is through these verious enactments that we are taking a series of steps to make the regulatory mechanism of our markets much more effective.